

**SSPDL INTERSERVE PRIVATE LIMITED**

**DIRECTORS' REPORT**

To,  
The Members

Your Directors have pleasure in presenting the Third Annual Report on the business and operations of the Company together with the Audited Financial Accounts for the period ended 31st March, 2013.

**FINANCIAL RESULTS**

The financial highlights for the current year are mentioned below:


<b>PARTICULARS</b>	<b>(Rupees in Lakhs)</b>	
	<b>2012-13</b>	<b>2011-12</b>
Profit / (Loss) before Depreciation and Amortization Expenses, Finance Costs and Tax Expenses	<b>(522.68)</b>	<b>(679.39)</b>
Less : Finance Costs	<b>(71.32)</b>	<b>(9.82)</b>
Less : Depreciation and Amortization Expenses	<b>(320.44)</b>	<b>(301.02)</b>
Profit / (Loss) before Tax	<b>(914.44)</b>	<b>(990.23)</b>
Less : Current Tax	-	-
Less : Deferred Tax	-	-
Profit/(Loss) for the year	<b>(914.44)</b>	<b>(990.23)</b>
Add : Balance in Profit & Loss Account	<b>(997.14)</b>	<b>(6.91)</b>
Profit available for appropriation	<b>(1911.58)</b>	<b>(997.14)</b>
<b>APPROPRIATIONS:</b>	-	-
Proposed Dividend	-	-
Tax on Proposed Dividend	-	-
Transfer to General Reserve	-	-
Balance carried to Balance Sheet	<b>(1911.58)</b>	<b>(997.14)</b>

**REVIEW OF OPERATIONS**

The total income of your Company for the year under review is Rs.6380.49 lakhs as compared to Rs.7237.92 lakhs for the previous year ended 31st March, 2012. Profit/(Loss) after tax was Rs.(914.43) lakhs as against Rs.(990.23) lakhs in the previous year.

Various projects undertaken by the Company are under different stages of execution, and expected to complete and hand over them as per agreed dates with the clients.

Company is executing the Construction works of M/s. SSPDL Limited and other clients. The details of the projects executed by the Company are mentioned below in detail.



T. Scally

## **CURRENT PROJECTS**

### **Lakewood Enclave & Mayfair Apartments, Chennai**

A Residential Villa / Apartment project situated at Thalambur Village of Old Mahabalipuram, (IT Express Highway), Chennai. The total work value is Rs.28 Crores for an area of about 1,57,000 sft. and the expected completion is in December 2013. This project is for SSPDL Limited. Construction of Villas in Lakewood is in progress and Apartments in Mayfair stilt floor roof has been concreted. The structure comprises of Stilt plus four floors an area of about 1,05,000 sft.

### **Novotel/IBIS Hotels, Chennai**

A Hotel construction project was awarded by SSPDL Infrastructure Developers Pvt Ltd. The original estimated value of this project was Rs.28 Crores. Subsequently the project scope has been extended and its value is revised to Rs.36.46 crores considering the variations, escalations, etc. Construction work is under progress and expected to be completed in August, 2013.

### **The Retreat, Bangalore**

A high end Villa project with an area of about 6,00,000 sft and the work is awarded by Sri Satya Sai Constructions for a total value of Rs.115 Crores. Constructions work is in progress and work completed as on March 31st, 2013 is Rs.40.54 Crores. The project is expected to be completed in December 2014.

### **Frangipani, Pudupakkam**

Construction of Residential Building at Pudupakkam inside Siruseri IT park, Chennai, for building 3,41,440 sft. for M/s. Arihant Foundations & Housing Ltd. The value of the order is Rs.22.26 crores additional work of Rs.5.85 crores has been awarded, and Value of the work completed up to 31<sup>st</sup> March 2013 is Rs.25.17 crores. Construction work is under progress and expected to be completed in August, 2013.

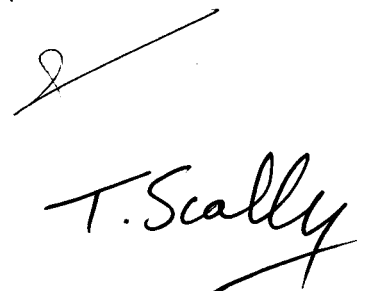
### **Sundara Kanda Residential Building at Medavakkam, Chennai**

Revised Value of the project is Rs.8.30 Crores from M/s. Vishranthi Homes Pvt. Ltd., Chennai for construction of Residential Building at Medavakkam, Chennai. Work completed and handed over to the client in Sep 2012.

### **Meeting House / Service Centre, Bangalore**

A Meeting House building project for LDS with a value of Rs.15.00 Crores is awarded by M/s. Indian Society of Church of Latter day Saints in the year 2010. This project has been completed and handed over to the client in December, 2012. The architects for the project are M/s. Sundara Sundaram Architects, Coimbatore.

Further orders for construction of Service Centre Building in the same premises have been received for Rs.14 crores and work is in progress.



T. Scally

**Fairfield & Marriot Hotel,**

Value of the Project is Rs.30.24 Crores from M/s. SAMHI. The Project Management Consultant is M/s Archetype. Construction work is under progress and expected to be completed in May, 2014.

**Projects completed during the year 2012-13:** (1) Sundara kand, Chennai - This project is located at Medavakkam, Chennai (2) Meeting House, Bangalore.

**DIVIDEND**

Your Directors do not recommend any dividend for the financial year ended 31.03.2013.

**CAPITAL EXPENDITURE**

As at 31<sup>st</sup> March, 2013 the Tangible and Intangible Assets stood at Rs.7,71,68,094/- and Rs.4,49,74,357/- respectively. Additions and disposed/written off during the year amounted to Rs.1,37,45,572/- and Rs.25,49,757/- respectively.

**DEPOSITS**

During the year under review, the Company has not accepted any deposit from the public.

**DIRECTORS**

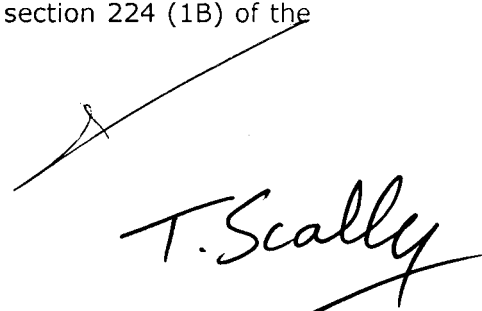
Mr.Thomas Scally, Director who retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Mr.David John Paterson resigned on 04.02.2013. Consequently, Mr.Timothy Francis Capper alternate director to Mr.David John Paterson vacated the office of director with effect from 04.02.2013.

Mr.Timothy Francis Capper was appointed as Director of the Company by the shareholders, at an extraordinary general meeting held on 20.05.2013.

**AUDITORS AND AUDITORS' REPORT**

M/s. B S R and Associates, Chartered Accountants, Chennai the Company's Statutory Auditors holds the office until conclusion of the ensuing Annual General Meeting and signified their willingness to accept re-appointment. Further, they confirmed that their re-appointment, if made, would be within the limits prescribed under section 224 (1B) of the Companies Act, 1956.



T. Scally

**THE AUDITORS HAD MADE CERTAIN OBSERVATIONS IN ANNEXURE TO THE AUDITORS' REPORT AND THE BOARD DEEMS IT EXPEDIENT TO ADDRESS THE SAME AS FOLLOWS:**

**Point (i) (a)**

The Company has set up certain procedures during this financial year 2012-13 like, implementing ERP System and further Company has appointed a technical person in the position of "PLANT MANAGER". The Plant Manager with his team has taken appropriate steps such to keeping track of details of each fixed asset, ensuring control and preventing misappropriation of assets. The team has carried physical count exercise at various intervals during the financial year and reconciled the variances found with the book records. The Company will also ensure that this exercise will be carried out throughout the next financial year as a continuous process.

**Point (i) (b)**

The Plant Manager who was appointed during this financial year has carried out the physical stock counting exercise along with his team in all the projects at various intervals. Subsequently, the stock figures have been reconciled with the book stock and found the variances. The Company has also arrived at value of these variances found in the stock reconciliation and accordingly written off to the extent of Rs.1,509,853/- in the books of this financial year 2012-13.

**Point (i) (c)**

There was delay in payment of interest to one debenture holder i.e., M/s. Interserve Holdings Limited, UK, on account of some procedures insisted upon by the Reserve Bank of India (RBI). It is pertinent to mention that even the amount of interest payable to this debenture holder has been kept in a separate account and Company is waiting for the clearance from RBI. Immediately on receiving clearance from RBI Company will make the payment.

**Point (iv)**

Company is implementing the ERP system and also it has set up a Commercial Procedure. Accordingly, the necessary guide lines are issued and which are being followed by the concerned departments. However, the Company will take appropriate steps to strengthen the internal controls in respect of Purchase of Inventories and sale of services.

**Point (ix) (a)**

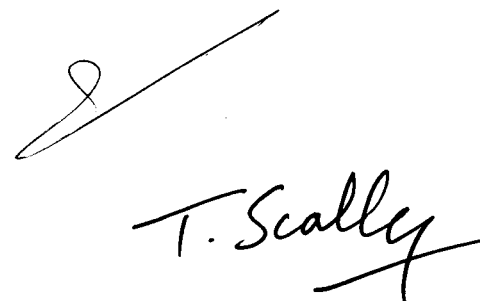
The Company has been depositing the statutory deductions with the concerned authorities during the financial year. However, there were some delays in remitting statutory deductions due to some technical reasons. However, necessary steps are being taken to ensure that the deductions are deposited to the concerned within stipulated time.

**SECRETARIAL COMPLIANCE CERTIFICATE**

In terms of Section 383A of the Companies Act, 1956, the Company has obtained Secretarial Compliance Certificate from Practicing Company Secretary. The said compliance Certificate forms part of this report.

**SUBSIDIARY COMPANIES**

The Company does not have any subsidiary Company.



**MATERIAL CHANGES, IF ANY BETWEEN BALANCE SHEET DATE AND DATE OF DIRECTORS REPORT**

There were no material changes between the Balance Sheet date and date of Directors Report.

**INSURANCE**

The properties and insurable interest of the Company, wherever considered necessary and to the extent required have been adequately insured.

**INFORMATION UNDER SECTION 217(1) (e)**

Information required to be furnished under The Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, is furnished below:

<b>A. CONSERVATION OF ENERGY</b>	:	The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity and is not included under the list of industries which should furnish information in Form A (Rule 2) of the Companies (Disclosure of Particulars in Reporting Board of Directors) Rules, 1988. However, Company is making every effort to conserve the usage of power.
<b>B. TECHNOLOGY ABSORPTION</b>	:	NIL
<b>C. FOREIGN EXCHANGE EARNINGS</b>	:	NIL
<b>FOREIGN EXCHANGE OUTGO</b>	:	Rs.748,749/-.

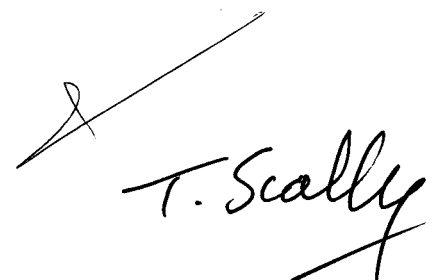
**INFORMATION UNDER SECTION 217 (2A)**

As per the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time, the particulars are **NIL**.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000, the Directors confirm that:-

1. In preparation of the Annual Accounts, the applicable accounting standards have been followed.
2. Appropriate accounting policies have been applied consistently. Judgments and estimates, which are reasonable and prudent, have been made so far as to give a true and fair view of the state of affairs of the Company as at the end of the Financial Year and of the profit of the Company for the period.

  
T. Scally

3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities.
4. The Annual Accounts have been prepared on a going concern basis.

### **ACKNOWLEDGEMENTS**

Your Directors place on record their appreciation of the assistance and co-operation extended to the Company by the bankers, staff and management of the parent company and Government and Semi-Government Departments.

**For and on behalf of the Board of Directors  
of SSPDL INTERSERVE PRIVATE LIMITED**

**Place : Chennai  
Date : 20.05.2013**

  
**PRAKASH CHALLA  
DIRECTOR**

  
**THOMAS SCALLY  
DIRECTOR**

# B S R and Associates

Chartered Accountants

No. 10, Mahatma Gandhi Road  
Nungambakkam  
Chennai - 600 034, India

Telephone +91 44 3914 5000  
Fax +91 44 3914 5999

## Independent Auditors' Report

### To the members of SSPDL Interserve Private Limited

#### Report on the financial statement

We have audited the accompanying financial statements of SSPDL Interserve Private Limited ('the Company'), which comprise the balance sheet as at 31 March 2013, the statement of profit and loss and the cash flow statement for the year ended on that date, annexed thereto and a summary of significant accounting policies and other explanatory information.

#### Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion



**B S R and Associates**  
**Independent Auditors' Report**

**To the members of SSPDL Interserve Private Limited**

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**Opinion**

In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013
- (b) in the case of the statement of profit and loss, of the loss for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order
- 2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The balance sheet, statement of profit and loss, and cash flow statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the balance sheet, statement of profit and loss, and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
  - e) On the basis of written representations received from the directors as at 31 March 2013, and taken on record by the board of directors, we report that none of the directors is disqualified as at 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

*for B S R and Associates*  
*Chartered Accountants*  
Firm Registration Number: 128901 W

  
**S Sethuraman**

*Partner*

Membership No. 203491

Place: Chennai

Date: 20 May 2013



**Annexure to the Auditors' Report of SSPDL Interserve Private Limited**

**Page 1 of 4**

The Annexure referred to in our report to the members of SSPDL Interserve Private Limited ('the Company') for the year ended 31 March 2013. We report that:

- (i) (a) The Company has maintained records relating to fixed assets. *However, the Company needs to further strengthen its records so as to include comprehensive details of quantitative information and situation of fixed assets*
- (b) The Company has initiated a programme of physical verification of its fixed assets by which all the fixed assets are verified over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to this programme, certain fixed assets were counted during the year *and the Company is in the process of reconciling the differences with the book records.*
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except stocks lying with third parties has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
- (b) The procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The Company has taken unsecured loan from 3 parties in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the yearend balance of such loans taken was Rs. 84,700,000.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the parties listed in the register maintained under section 301 of the Companies Act, 1956, are not prejudicial to the interests of the Company.
- (c) In respect of the above loans, the Company was regular in payment of principal as applicable *except for certain delays in payment of interests on debentures.*



**Annexure to the Auditors' Report of SSPDL Interserve Private Limited (continued)**

**Page 2 of 4**

- (d) The Company has not granted any loans, secured or unsecured, to companies firms or other parties covered under the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, *internal controls in respect of purchase of inventories and sale of services need to be significantly strengthened to make it commensurate with the size and nature of its business*. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system *except for purchase of inventories and sale of services as discussed above*.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs five lakhs with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for certain construction agreements which are for the specialized requirements of the buyers and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanation provided, the same appear reasonable.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the financial year ended 31 March 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records



**Annexure to the Auditors' Report of SSPDL Interserve Private Limited (continued)**

**Page 3 of 4**

- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities *except for certain delays in remittances of sales tax and service tax dues ranging from 1 to 31 days*. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, Wealth tax, Customs duty and Excise duty.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax and other material statutory dues were in arrears as at 31 March 2013 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax and Service tax which have not been deposited with the appropriate authorities on account of any dispute.
- (x) The Company has been registered for a period of less than five years. Accordingly, reporting under paragraph 4(x) of the Order in respect of accumulated losses and cash losses is not applicable.
- (xi) In our opinion and according to the information and explanations given to us, the Company did not have any outstanding dues to any banks and financial institutions during the year. *The Company has defaulted in repayment of dues to the debenture holders. Interests due on debentures amounting to Rs.6, 193,906 have not been paid in the due dates and Rs 4,028,139 is yet to be paid.*
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.



**B S R and Associates**

**Annexure to the Auditors' Report of SSPDL Interserve Private Limited (continued)**

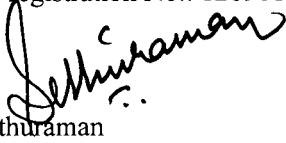
**Page 4 of 4**

- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the company have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has not created any security or charge in respect of debentures issued during the year.
- (xx) The Company has not raised any money by public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

*for B S R and Associates*

*Chartered Accountants*

Firm registration No.: 128901W



S Sethuraman

*Partner*

Membership No: 203491

Place: Chennai

Date: 20 May 2013

**SSPDL Interserve Private Limited**  
**Balance Sheet as at 31 March 2013**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

	Note	As at 31 March 2013	As at 31 March 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,000,000	1,000,000
Reserves and surplus	4	151,352,438	242,795,949
		<b>152,352,438</b>	<b>243,795,949</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	100,799,241	1,315,881
Long-term provisions	6	808,350	289,745
		<b>101,607,591</b>	<b>1,605,626</b>
<b>Current liabilities</b>			
Trade payables	7	117,926,863	98,357,251
Other current liabilities	8	69,345,562	94,138,777
Short-term provisions	6	7,716,045	11,084,546
		<b>194,988,470</b>	<b>203,580,574</b>
<b>TOTAL</b>		<b>448,948,499</b>	<b>448,982,149</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	77,168,094	94,643,791
Intangible assets	10	44,974,357	48,052,169
Long-term loans and advances	11	27,623,718	25,899,539
Other non-current assets	12	3,143,755	1,545,046
		<b>152,909,924</b>	<b>170,140,545</b>
<b>Current assets</b>			
Inventories	13	11,572,544	12,331,709
Trade receivables	14	106,140,386	130,522,619
Cash and bank balances	15	3,209,079	10,786,067
Short term loans and advances	16	72,421,338	49,806,880
Other current assets	17	102,695,228	75,394,329
		<b>296,038,575</b>	<b>278,841,604</b>
<b>TOTAL</b>		<b>448,948,499</b>	<b>448,982,149</b>

Significant accounting policies 2

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **B S R and Associates**  
Chartered Accountants  
Firm Registration No. : 128901W

**S Sethuraman**

Partner

Membership No. 203491

Place: Chennai


Date: 20th May, 2013

For and on behalf of the Board of Directors

  
**Prakash Challa**  
Director

Place: Chennai

Date: 20th May, 2013

  
**Thomas Scally**  
Director

**SSPDL Interserve Private Limited****Statement of profit and loss for the year ended 31 March 2013**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

	Notes	Year ended 31 March 2013	Year ended 31 March 2012
<b>REVENUE</b>			
Revenue from operations	18	634,376,444	714,272,294
Other operating revenues		2,142,859	336,620
		<b>636,519,303</b>	<b>714,608,914</b>
Other income	19	1,529,340	9,182,602
<b>Total</b>		<b>638,048,643</b>	<b>723,791,516</b>
<b>EXPENSES</b>			
Employee benefits expenses	20	65,266,499	80,340,451
Site and administrative/selling costs	21	625,050,040	711,389,664
Depreciation and amortisation	9 & 10	32,043,704	30,102,466
Finance costs	22	7,131,911	981,741
<b>Total expenses</b>		<b>729,492,154</b>	<b>822,814,322</b>
<b>Loss before tax</b>		<b>(91,443,511)</b>	<b>(99,022,806)</b>
Tax expense		-	-
<b>Loss for the year</b>		<b>(91,443,511)</b>	<b>(99,022,806)</b>
<b>Earnings per equity share:</b>			
Basic		(91.44)	(99.02)
Diluted		(62.33)	(99.02)
Nominal value of equity shares (Rs.)		1	1

Significant accounting policies

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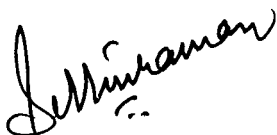
The accompanying notes form an integral part of the financial statements.

for **B S R and Associates**

Chartered Accountants

Firm Registration No. : 128901W

For and on behalf of the Board of directors


**S Sethuraman**

Partner

Membership No. 203491

Place: Chennai

Date: 20th May, 2013


**Prakash Challa**  
Director

**Thomas Scally**  
Director

Place: Chennai

Date: 20th May, 2013



**SSPDL Interserve Private Limited**
**Cash flow statement for the year ended 31 March 2013**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

	Year ended 31 March 2013	Year ended 31 March 2012
<b>Cash flows from operating activities</b>		
Loss before tax	(91,443,511)	(99,022,806)
<i>Adjustments for:</i>		
Depreciation and amortisation	32,043,704	30,102,466
Interest income	(873,153)	(3,619,832)
Finance costs	6,367,280	981,741
Loss on sale / write off of fixed assets, net	1,430,662	38,001
Provision for doubtful debts	8,876,678	-
Provision for doubtful advances	3,484,791	817,440
<b>Operating profits before working capital changes</b>	<b>(40,113,549)</b>	<b>(70,702,990)</b>
Decrease / (increase) in inventories	759,165	(8,088,620)
Decrease / (increase) in trade receivables	15,505,555	(32,312,950)
Increase in other current and non-current assets	(27,430,444)	(60,001,170)
Increase in loans and advances	(25,617,794)	(25,870,350)
Increase / (decrease) in trade payables, provisions and other current liabilities	(12,155,712)	93,365,204
<b>Cash flow from operations</b>	<b>(89,052,779)</b>	<b>(103,610,876)</b>
Income taxes paid, net	(2,205,634)	(12,288,477)
<b>Net cash generated from operating activities - (A)</b>	<b>(91,258,413)</b>	<b>(115,899,353)</b>
<b>Cash flow from investing activities</b>		
Purchase or construction of fixed assets	(13,745,572)	(60,365,644)
Movement in investments in bank deposits having original maturity of more than 3 months	4,675,748	166,428,409
Proceeds on disposal of fixed assets	824,715	37,947
Interest income received	784,589	5,583,654
<b>Net cash used in investing activities - (B)</b>	<b>(7,460,520)</b>	<b>111,684,366</b>
<b>Cash flow from financing activities</b>		
Received towards compulsorily convertible debentures	100,000,000	-
Repayments made towards finance lease	(462,566)	(371,924)
Finance costs paid	(2,339,141)	(981,741)
<b>Net cash used in financing activities - (C)</b>	<b>97,198,293</b>	<b>(1,353,665)</b>
<b>Net increase / (decrease) in cash and cash equivalents during the year (A + B + C)</b>	<b>(1,520,640)</b>	<b>(5,568,652)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>4,729,719</b>	<b>10,298,371</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>3,209,079</b>	<b>4,729,719</b>
<b>Components of cash and cash equivalents</b>		
Cash and cash equivalents		
- Cash on hand	67,275	301,575
- Balances with banks		
On current accounts	1,741,804	4,428,144
On deposit accounts (with original maturity of 3 months or less)	1,400,000	-
	<b>3,209,079</b>	<b>4,729,719</b>

Significant accounting policies

2

The accompanying notes form an integral part of the financial statements.

This is the cash flow statement referred to in our report of even date.

for **B S R and Associates**

Chartered Accountants

Firm Registration No. : 128901W

**S Sethuraman**

Partner

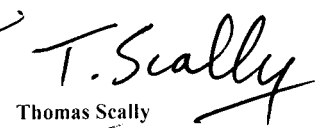
Membership No. 203491

Place: Chennai

Date: 20th May, 2013

For and on behalf of the Board of directors

  
**Prakash Challa**  
Managing Director

  
**Thomas Scally**  
Director



Place: Chennai

Date: 20th May, 2013

## SSPDL Interserve Private Limited

### Notes to the financial statements for the year ended 31 March 2013

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

#### 1. Background of the Company

SSPDL Interserve Private Limited ('SIPL' or 'the Company') was incorporated on 26 May 2010. The Company is engaged in the business of construction of residential houses, commercial buildings, industrial, institutional and infrastructure sectors in India. On 7 August 2010, Interserve Holdings Limited, UK formed a joint venture with the company and acquired 49% stake in the company.

#### 2. Significant accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India and the provisions of Companies Act, 1956, to the extent applicable.

##### 2.2 Use of estimates

The preparation of financial statements in conformity with GAAP requires the Company's Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. Any revision to accounting estimate is recognised prospectively.

##### 2.3 Fixed assets and depreciation

###### Tangible assets

Tangible assets are carried at cost of acquisition or construction less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided on the Straight Line Method (SLM). The rates of depreciation prescribed in Schedule XIV of the Companies Act, 1956 are considered as minimum rates. If the management's estimate of the useful life of a tangible asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid Schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life.

The Company follows the policy of charging depreciation on pro-rata basis on the assets acquired or disposed off during the year.

Individual assets costing less than Rs 5,000/- are depreciated at 100% in the year of purchase.

Pursuant to the above policy, depreciation is provided as below:

Tangible asset category	Rate
Plant and machinery, office equipments and computers	20%
Furniture and fittings and vehicles	10%-12.5%
Computers	20%
Temporary structure (included in plant and machinery)	Over the estimated contract tenure

Leasehold improvements are amortized over the period of the lease.





## SSPDL Interserve Private Limited

### Notes to the financial statements for the year ended 31 March 2013

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

#### Intangible assets and amortisation

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Intangible assets are amortized over their economic useful lives. Managements' estimate of useful life of intangible assets:

Asset category	Amortisation period
Non-compete fee	10 years
Software	5 years

#### 2.4 Impairment of assets

The management assesses at each balance sheet date whether there is an indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

#### 2.5 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventories are determined using the first in first out method and include cost of purchase and cost incurred in bringing the inventories to their present location and condition.

#### 2.6 Revenue recognition

When the outcome of the construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognized as revenue and expense respectively by reference to the stage of completion of the contract activity at the reporting date. The stage of completion of the contract is the proportion that the contract cost incurred for the work performed up to the reporting date bears to the estimated total contract cost.

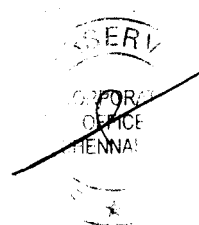
Determination of revenue under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion.

A variation is included in contract revenue when it is probable that the customer will approve the variation and the amount can be reliably measured.

A claim is included in contract revenue when negotiations with customer have reached an advance stage such that it is probable that the customer will accept the claim and amount can be reliably measured.

An expected loss on a construction contract is recognised as an expense immediately.

Contract revenue earned in excess of billing has been reflected under other current assets as unbilled revenue and billing in excess of contract revenue is reflected under other current liabilities in the balance sheet.



## SSPDL Interserve Private Limited

### Notes to the financial statements for the year ended 31 March 2013

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

Interest income is recognized on the time proportion basis taking into account the amount outstanding and the applicable rate of interest.

#### 2.7 Employee benefits expenses

##### i. Provident fund:

Eligible employees receive benefits from the provident fund, which is a defined benefit contribution. Contributions to provident fund are made to the Regional Provident Fund Commissioner and are charged to the statement of profit and loss on accrual basis. The Company has no further obligations under the plan beyond its monthly contributions.

##### ii. Gratuity:

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The plan provides payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. The Company provides the gratuity benefit through annual contribution to a fund managed by the Life Insurance Corporation of India (LIC). Under this scheme the settlement obligation remains with the Company although the LIC administers the scheme. Liabilities related to the gratuity plan are determined by actuarial valuation performed using projected unit credit method by an independent actuary as at the balance sheet date.

##### iii. Compensated absences:

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

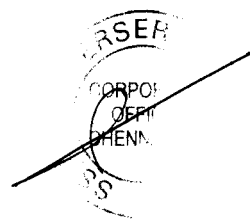
#### 2.8 Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. Exchange differences arising on foreign exchange transactions during the year and on restatement of monetary assets and liabilities are recognized in the statement of profit and loss of the year.

#### 2.9 Leases

Assets acquired under leases where substantially all the risks and rewards of ownership are retained by the Company are classified as finance leases.

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on a straight line basis over the lease term.



## **SSPDL Interserve Private Limited**

### **Notes to the financial statements for the year ended 31 March 2013**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

#### **2.10 Taxation**

Tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the income-tax law), deferred tax charge or credit (reflecting the tax effects of timing difference between accounting income and taxable income for the year).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of assets. Deferred tax assets are reviewed as at the balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

Current tax and deferred tax assets and liabilities are offset to the extent to which the Company has a legally enforceable right to set off and they relate to taxes on income levied by the same governing taxation laws.

#### **2.11 Earnings per share**

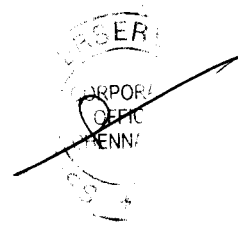
Basic earnings per share amounts are computed by dividing net profit or loss for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year. There are no dilutive potential equity shares outstanding.

#### **2.12 Provisions, contingent liabilities and contingent assets**

Provisions are recognized when the Company has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognized nor disclosed in the financial statements.

#### **2.13 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated.



**SSPDL Interserve Private Limited****Notes to the financial statements for the year ended 31 March 2013**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

	As at 31 March 2013	As at 31 March 2012
<b>3 Share capital</b>		
<b>Authorised</b>		
1,000,000 (31 March 2012: 1,000,000) equity shares of Rs.1/- each	1,000,000	1,000,000
<b>Issued, subscribed and paid-up</b>		
1,000,000 (31 March 2012: 1,000,000) equity shares of Rs.1/- each fully paid-up	1,000,000	1,000,000
	<b>1,000,000</b>	<b>1,000,000</b>

**(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period****Equity shares**

	31 March 2013		31 March 2012	
	Number	Amount	Number	Amount
At the commencement of the year	1,000,000	1,000,000	1,000,000	1,000,000
Shares issued during the year	-	-	-	-
<b>At the end of the year</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>

**(b) Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares referred to as equity shares having a par value of Rs.1 per share. Each holder of equity shares is entitled to one vote per share. The Company in general meeting may declare dividend, but no dividend shall exceed the amount recommended by the board.

The Company shall have a first and paramount lien on every share (including a fully paid share) registered in the name of a member (whether solely or jointly with others) for all moneys (whether presently payable or not) due by him or his estate, either alone or jointly with any other person, to the Company. However the directors may at any time declare any share to be wholly or in part exempt from the provisions of the Articles. The Company's lien, if any, on a share shall extend to all dividends payable thereon.

**(c) Shares held by holding/ultimate holding company and/or their subsidiaries/associates**

	31 March 2013		31 March 2012	
	Number	Amount	Number	Amount
Equity shares of Rs 1/- each fully paid-up held by				
SSPDL Limited, the holding company	510,000	510,000	510,000	510,000
Interserve Holding Limited, United Kingdom	490,000	490,000	490,000	490,000

**(d) Particulars of shareholders holding more than 5% shares of a class of shares**

	31 March 2013		31 March 2012	
	Number	% Held	Number	% Held
<b>Equity shares of Rs 1/- each fully paid up held by</b>				
SSPDL Limited	510,000	51%	510,000	51%
Interserve Holding Limited, United Kingdom	490,000	49%	490,000	49%

**(e) Aggregate number and class of shares allotted as fully paid-up pursuant to contracts without payment being received in cash**

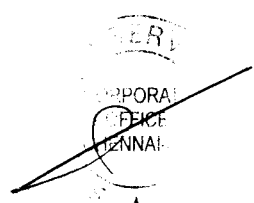
	31 March 2013	31 March 2012
SSPDL Limited	410,000	410,000

**4 Reserves and surplus****Securities premium account**

At the commencement and end of the year	342,510,000	342,510,000
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**Deficit in the statement of profit and loss**

Opening balance	(99,714,051)	(691,245)
Add : Loss for the year	(91,443,511)	(99,022,806)
<b>At the end of the year</b>	<b>(191,157,562)</b>	<b>(99,714,051)</b>
	<b>151,352,438</b>	<b>242,795,949</b>



**SSPDL Interserve Private Limited****Notes to the financial statements for the year ended 31 March 2013**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

**5 Long-term borrowings**

	Non-current portion		Current portion *	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
<b>Secured</b>				
Assets acquired under finance lease(refer note (a) below)	799,241	1,315,881	516,677	462,603
<b>Unsecured</b>				
100,000 (31 March 2012: Rs. Nil)	100,000,000	-	-	-
12% Compulsorily convertible debentures of Rs. 1,000/ each fully paid up (refer note (b) below)				
	<u>100,799,241</u>	<u>1,315,881</u>	<u>516,677</u>	<u>462,603</u>

\*Amount disclosed under 'other current liabilities'

**Nature of Security and terms of repayment for long-term borrowings**

(a) Vehicle loans taken from Kotak Mahindra Prime Limited are secured by hypothecation of respective vehicles and are payable in equal monthly installments as stipulated in the agreements with the lenders.

(b) The Company has allotted 100,000 unsecured fully paid up compulsorily convertible debentures ('CCDs') of Rs. 1,000 each aggregating to Rs. 100,000,000 in accordance with Debenture Subscription Agreement('DSA') dated 27 June 2012 and amendment to DSA dated 22 January 2013. As per the terms of the agreement, the said debentures have conversion period falling at the end of 10 years from the completion of allotment of first tranche CCDs by the issuers to the investors, in accordance with the agreement or such earlier date as may be mutually agreed in writing between the investors subject to applicable laws and approval from the regulatory authorities. As per the terms of the agreement, each CCD shall be converted into four fully paid up equity shares of the Company at a value of Rs. 250/- each subject to applicable laws.

As per the terms of the agreement, the Company shall pay 12% interest per annum on 15th of each month on which the Company is required to pay interest.

**6 Provisions**

	Long - term		Short - term	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
<b>Provision for employee benefits</b>				
Compensated absences	808,350	289,745	280,003	96,581
<b>Other provisions</b>				
Provision for contract loss	-	-	7,436,042	10,987,965
	<u>808,350</u>	<u>289,745</u>	<u>7,716,045</u>	<u>11,084,546</u>

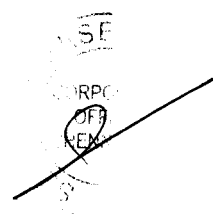
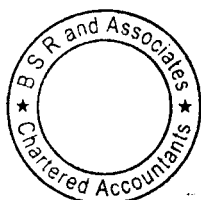
**7 Trade payables**

Trade payables	117,926,863	98,357,251
	<u>117,926,863</u>	<u>98,357,251</u>

For dues to micro and small enterprises, refer note 33

**8 Other current liabilities**

Current maturities of long term borrowings (refer note 5)	516,677	462,603
Interest accrued and due on compulsorily convertible debentures	4,028,139	-
Advance received from customers	27,357,882	51,953,538
Retention money due to suppliers	15,916,042	9,125,282
Billing in excess of revenue	12,207,220	13,326,110
Employee benefits payable	5,695,337	4,541,522
Statutory dues payable	3,624,265	8,874,406
Others	-	5,855,316
	<u>69,345,562</u>	<u>94,138,777</u>



**SSPDL Interserve Private Limited**
**Notes to financial statements for the year ended 31 March 2013**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

**9 Tangible assets**

Particulars	Leasehold improvements	Plant and machinery	Computers	Furniture and fittings	Office equipment	Motor vehicles	Total
<b>Gross Block</b>							
Balance as at 1 April 2011	-	58,808,769	2,055,533	692,956	402,936	4,234,061	66,194,255
Additions	5,939,662	51,633,213	510,404	1,122,775	367,086	2,039,504	61,612,644
Disposals / write off	-	95,460	-	-	-	-	95,460
<b>Balance as at 31 March 2012</b>	<b>5,939,662</b>	<b>110,346,522</b>	<b>2,565,937</b>	<b>1,815,731</b>	<b>770,022</b>	<b>6,273,565</b>	<b>127,711,439</b>
Additions	-	3,069,773	1,136,935	5,215,748	1,156,941	60,410	10,639,807
Disposals / write off	-	1,517,413	65,388	141,015	147,082	678,859	2,549,757
<b>Balance as at 31 March 2013</b>	<b>5,939,662</b>	<b>111,898,882</b>	<b>3,637,484</b>	<b>6,890,464</b>	<b>1,779,881</b>	<b>5,655,116</b>	<b>135,801,489</b>
<b>Accumulated depreciation</b>							
Balance as at 1 April 2011	-	8,103,074	171,719	98,402	76,775	359,224	8,809,194
Depreciation for the year	712,759	22,095,693	471,292	116,221	169,834	712,167	24,277,966
Accumulated depreciation on Disposals	-	19,512	-	-	-	-	19,512
<b>Balance as at 31 March 2012</b>	<b>712,759</b>	<b>30,179,255</b>	<b>643,011</b>	<b>214,623</b>	<b>246,609</b>	<b>1,071,391</b>	<b>33,067,648</b>
Depreciation for the year	2,851,038	20,659,179	672,250	737,789	211,750	728,121	25,860,127
Accumulated depreciation on Disposals	-	3,339	24,058	39,014	59,882	168,087	294,380
<b>Balance as at 31 March 2013</b>	<b>3,563,797</b>	<b>50,835,095</b>	<b>1,291,203</b>	<b>913,398</b>	<b>398,477</b>	<b>1,631,425</b>	<b>58,633,395</b>
<b>Net Block</b>							
As at 31 March 2012	5,226,903	80,167,267	1,922,926	1,601,108	523,413	5,202,174	94,643,791
As at 31 March 2013	2,375,865	61,063,787	2,346,281	5,977,066	1,381,404	4,023,691	77,168,094

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**SSPDL Interserve Private Limited**
**Notes to the financial statements for the year ended 31 March 2013**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

**10 Intangible assets**

Particulars	Software	Non-compete fee	Total
<b>Gross Block</b>			
Balance as at 1 April 2011	-	58,245,045	58,245,045
Additions	-	-	-
Disposals / write off	-	-	-
<b>Balance as at 31 March 2012</b>	-	<b>58,245,045</b>	<b>58,245,045</b>
Additions	3,105,765	-	3,105,765
Disposals / write off	-	-	-
<b>Balance as at 31 March 2013</b>	<b>3,105,765</b>	<b>58,245,045</b>	<b>61,350,810</b>
<b>Accumulated amortisation</b>			
Balance as at 1 April 2011	-	4,368,376	4,368,376
Amortisation for the year	-	5,824,500	5,824,500
Accumulated amortisation on Disposals	-	-	-
<b>Balance as at 31 March 2012</b>	-	<b>10,192,876</b>	<b>10,192,876</b>
Amortisation for the year	359,077	5,824,500	6,183,577
Accumulated amortisation on Disposals	-	-	-
<b>Balance as at 31 March 2013</b>	<b>359,077</b>	<b>16,017,376</b>	<b>16,376,453</b>
<b>Net Block</b>			
<b>As at 31 March 2012</b>	-	<b>48,052,169</b>	<b>48,052,169</b>
<b>As at 31 March 2013</b>	<b>2,746,688</b>	<b>42,227,669</b>	<b>44,974,357</b>

**11 Long-term loans and advances**

Unsecured, considered good

	Non-current portion		Current portion *	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Security deposits	5,058,280	5,539,735	2,292,000	1,841,790
Tax deducted at source	22,565,438	20,359,804	-	-
	<u>27,623,718</u>	<u>25,899,539</u>	<u>2,292,000</u>	<u>1,841,790</u>

\*Amount disclosed under 'Short-term loans and advances'

**12 Other non-current assets**

Unsecured, considered good

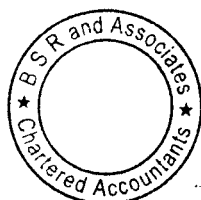
Bank deposits (due to mature after 12 months from the reporting date) (refer note 15)	2,844,600	1,464,000
Interest accrued on fixed deposits	299,155	81,046
	<u>3,143,755</u>	<u>1,545,046</u>

**13 Inventories**

Construction materials	11,572,544	12,331,709
	<u>11,572,544</u>	<u>12,331,709</u>

**Break-up of major construction materials**

Steel	11,026,190	9,600,095
Sand	179,292	153,787
Bricks	97,200	387,687
Cement	85,572	262,972



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 \*

**SSPDL Interserve Private Limited****Notes to the financial statements for the year ended 31 March 2013**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

**14 Trade receivables**

Receivables outstanding for a period exceeding six months from the date they became due for payment

-Unsecured, considered good

-Doubtful

Other receivables

-Unsecured, considered good

-Doubtful

Less: Provision for doubtful debts

**31 March 2013****31 March 2012**

-

10,446,002

8,082,990

-

106,140,386

120,076,617

793,688

-

8,876,678

-

106,140,386130,522,619**Trade receivables include:**

Due from Sri Sathya Sai Constructions in which the Company's director is a partner

66,853,245

39,108,935

Due from SSPDL Limited in which the Company's director is a director

25,167,649

37,344,107

**15 Cash and bank balances**

Cash and cash equivalents

- Cash on hand

67,275

301,575

- Balances with banks

On current accounts

1,741,804

4,428,144

On deposit accounts (with original maturity of 3 months or less)

1,400,000

-

Other bank balances

-

6,056,348

3,209,07910,786,067**Details of bank balances/deposits**

Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'

3,141,804

4,560,492

Margin money deposits due to mature within 12 months of the reporting date included under 'Other bank balances'

-

6,056,348

Margin money deposits due to mature after 12 months of the reporting date included under 'Other noncurrent assets'

2,844,600

1,464,000

5,986,40412,080,840**16 Short-term loans and advances**

(unsecured, considered good)

**Current portion of long-term loans and advances (refer note 11)**

To parties other than related parties

2,292,000

1,841,790

**Other short-term loans and advances**

(unsecured, considered good)

To parties other than related parties

Retention money

30,930,185

19,266,457

Works contract tax receivable

1,837,434

-

Advances for supply of goods

14,064,570

13,761,628

Prepaid expenses

1,386,056

1,557,357

Staff advances

173,888

394,581

- Doubtful

Advances for supply of goods

3,817,470

817,440

Retention money

3,484,791

-

To related parties

Retention money

15,397,271

6,281,791

Works contract tax receivable

6,339,934

2,512,716

Advances for supply of goods

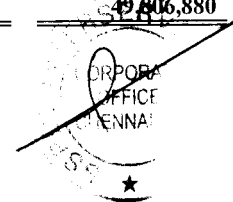
-

4,190,560

Less: Provision for doubtful advances

7,302,261

817,440

72,421,33849,806,880



**SSPDL Interserve Private Limited****Notes to the financial statements for the year ended 31 March 2013**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

**Short-term loans and advances include:**

Due from Sri Sathya Sai Constructions in which the Company's director is a partner

**31 March 2013****31 March 2012**

-

2,844,954

Due from SSPDL Limited in which the Company's director is a director

1,903,884

1,345,606

Due from SSPDL Infrastructure Development Private Limited in which the Company's director is a director

33,089,755

8,794,507

**17 Other current assets**

*Unsecured, considered good*

Unbilled revenue

102,694,192

75,263,748

Interest accrued on fixed deposits

1,036

130,581

102,695,22875,394,329

85.

**SSPDL Interserve Private Limited****Notes to the financial statements for the year ended 31 March 2013**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

**18 Revenue from operations****Year ended****Year ended****March 31, 2013****March 31, 2012**

Contract revenue	634,376,444	713,519,090
Revenue from project management consultancy services	-	753,204
	<b>634,376,444</b>	<b>714,272,294</b>
Other operating revenues	2,142,859	336,620
	<b>2,142,859</b>	<b>336,620</b>
	<b>636,519,303</b>	<b>714,608,914</b>

**19 Other income**

Interest income on fixed deposits	873,153	3,619,832
Other non-operating income	656,187	5,562,770
	<b>1,529,340</b>	<b>9,182,602</b>

**20 Employee benefits expenses**

Salaries, wages and bonus	55,815,778	70,936,091
Contribution to provident fund and other funds	3,273,941	2,311,192
Staff welfare expenses	6,176,780	7,093,168
	<b>65,266,499</b>	<b>80,340,451</b>

**21 Site and administrative / selling costs**

Construction materials	320,158,065	314,058,393
Direct contract costs*	262,325,492	363,569,054
Legal and professional charges	1,792,501	1,929,993
Auditors remuneration		
- Statutory audit	900,000	900,000
- Tax audit	100,000	100,000
- Reimbursement of expenses	49,309	83,501
Rent	8,964,117	7,781,397
Rates and taxes	622,477	269,278
Travelling and conveyance	4,247,444	6,337,808
Security charges	2,977,544	5,380,348
Repairs and maintenance		
- Buildings	554,365	449,181
- Machinery	1,391,362	1,463,697
- Others	297,554	167,905
Insurance	3,194,783	3,319,568
Communication expenses	1,095,481	1,287,412
Business promotion expenses	365,855	130,583
Power and fuel	748,508	268,135
Printing and stationery	628,502	726,394
Provision for doubtful advances	3,484,791	817,440
Provision for doubtful debts	8,876,678	-
Advances written off	-	160,306
Fixed assets written off	1,509,853	-
Loss on sale of fixed assets	13,287	38,001
Miscellaneous expenses	752,072	2,151,270
	<b>625,050,040</b>	<b>711,389,664</b>

\*Includes Rs. 21,552,383 relating to prior year (Previous year: Rs. Nil)

**22 Finance costs**

Interest on loan	173,374	176,201
Other borrowing costs		
Guarantee commission and other charges	764,631	805,540
Interest on compulsorily convertible debentures	6,193,906	-
	<b>7,131,911</b>	<b>981,741</b>



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KUMAR  
SINGH

**SSPDL Interserve Private Limited****Notes to the financial statements for the year ended 31 March 2013**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

**23 Contingent liabilities**

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Bank guarantees	14,223,000	20,340,000

**24 Disclosure in accordance with Accounting Standard 7 (Revised)**

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
a. Contract revenue recognized as revenue in the period	634,376,444	713,519,090
b. Disclosure for contracts in progress:		
Contract cost incurred and recognised profits (less recognised losses)	550,941,343	865,470,093
Advances received	23,711,505	45,767,914
Retention money	29,629,896	17,836,437
c. Gross amount due from customers towards contract work	47,052,379	71,838,812
d. Gross amount due to customers for contract work	19,562,467	15,917,938

**25 CIF value of imports**

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Capital goods	-	986,164

**26 Expenditure in foreign currency (on accrual basis)**

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Travelling expenses	652,738	598,393
Professional and consultancy fee	-	311,000
Others	96,011	287,040
<b>Total</b>	<b>748,749</b>	<b>1,196,433</b>

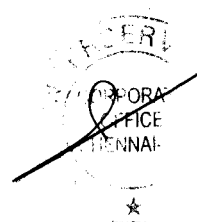
**27 Segment Reporting**

The Company has only one business segment i.e., construction and project management services. Secondary segment reporting is performed on the basis of geographical location of the customers. During the current period, the Company's business has been carried out only in India. Accordingly, the amounts appearing in these financial statements related to the primary business and secondary geographic segment.

**28 Related party disclosures**

The management has identified the following as related parties:

<b>Entities which exercise control on the Company</b> SSPDL Limited, India	
<b>Enterprises having significant influence</b> Interserve Holding Limited, United Kingdom	
<b>Firms / companies where directors are interested</b> Sri Sathya Sai Constructions SSPDL Infrastructure Development Private Limited	



**SSPDL Interserve Private Limited****Notes to the financial statements for the year ended 31 March 2013**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

**Key Management Personnel (KMP):**

Mr. Prakash Challa, Managing Director (From May 26, 2010)

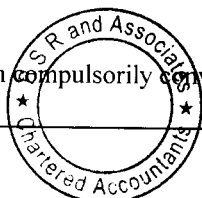
Mr. Suresh Challa, Director (From May 26, 2010)

**(a) Transactions with related parties are as follows:**

Particulars	31 March 2013	31 March 2012
<b>SSPDL Limited</b>		
Sale of Tangible assets	53,523	-
Income from construction contracts	56,209,154	77,900,036
Income from project management consultancy services	-	753,204
Miscellaneous income	-	2,275,242
Reimbursement of expenses	1,903,884	2,964,865
Issue of 12% compulsorily convertible debentures	20,400,000	-
Interest on compulsorily convertible debentures	791,408	-
<b>Sri Sathya Sai Constructions</b>		
Income from construction contracts	171,991,011	149,345,112
<b>SSPDL Infrastructure Development Private Limited</b>		
Income from construction contracts	155,721,974	190,626,224
<b>Interserve Holding Limited</b>		
Issue of 12% compulsorily convertible debentures	49,000,000	-
Interest on compulsorily convertible debentures	3,118,816	-
<b>Prakash Challa</b>		
Rent paid	553,646	456,434
Issue of 12% compulsorily convertible debentures	15,300,000	-
Interest on compulsorily convertible debentures	1,227,353	-

**(b) Year end balances**

Particulars	31 March 2013	31 March 2012
<b>SSPDL Limited</b>		
Trade receivables	25,167,649	37,344,107
Reimbursement of expenses recoverable	1,903,884	1,345,606
Interest accrued and due on compulsorily convertible debentures	543,254	-
<b>Sri Sathya Sai Constructions</b>		
Trade receivables	66,853,245	39,108,935
<b>SSPDL Infrastructure Development Private Limited</b>		
Works contract tax receivable	6,339,934	2,512,716
Advance from customers	11,352,550	23,278,761
Retention money	15,397,271	6,281,791
Unbilled revenue	40,681,729	45,390,152
<b>Interserve Holding Limited</b>		
Interest accrued and due on compulsorily convertible debentures	2,670,003	-
Other payables	-	521,740
<b>Prakash Challa</b>		
Interest accrued and due on compulsorily convertible debentures	407,441	-
Other payables	-	85,988



**SSPDL Interserve Private Limited****Notes to the financial statements for the year ended 31 March 2013**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

**29 Finance lease obligations**

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Future minimum lease payments</b>		
Not later than one year	516,677	462,603
Later than one year & not later than five years	799,241	1,315,881
<b>Total</b>		

**30 Deferred taxes**

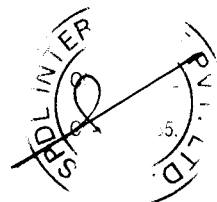
Particulars	As at 31 March 2013	As at 31 March 2012
<b>Deferred tax assets</b>		
Carry forward loss*	-	2,468,212
Employee benefits*	569,002	125,363
<b>Deferred tax liabilities</b>		
Fixed assets	569,002	2,593,575
<b>Net Deferred tax assets</b>	-	-

\* restricted to the extent of available deferred tax liabilities

**31 Employee benefits**

The following table set out the status of the gratuity plan as required under AS-15 (Revised) and the reconciliation of opening and closing balances of the present value of the defined benefit obligation.

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Change in projected benefit obligation</b>		
Defined benefit obligation at beginning of the period	674,842	1,336,443
Current service cost	1,067,195	490,596
Interest cost	52,638	110,925
Benefits settled	-	-
Actuarial (gain)/loss	(326,977)	(1,263,122)
<b>Defined benefit obligation at period end</b>	<b>1,467,698</b>	<b>674,842</b>
<b>Change in fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	1,386,298	-
Expected return on plan assets	110,904	60,228
Employer contributions	-	1,338,405
Actuarial gain / (loss)	-	(12,335)
Benefits paid	-	-
<b>Fair value of plan assets at the end of the year</b>	<b>1,497,202</b>	<b>1,386,298</b>



**SSPDL Interserve Private Limited****Notes to the financial statements for the year ended 31 March 2013**

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Amount recognised in the balance sheet</b>		
Present value of projected benefit obligation at the end of the year	1,467,698	674,842
Fair value of the plan assets at the end of the year	1,497,202	1,386,298
<b>Funded status amount of liability recognized in the balance sheet</b>	<b>(29,504)</b>	<b>(711,456)</b>
<b>Expense recognised during the period (included in note 20 under contribution to provident fund and other funds)</b>		
Current service cost	1,067,195	490,596
Interest cost	52,638	110,925
Expected return on plan assets	(110,904)	(60,228)
Actuarial (gain)/loss	(326,977)	(1,250,787)
<b>Net cost</b>	<b>681,952</b>	<b>(709,494)</b>

Particulars	As at 31 March 2013	As at 31 March 2012
<b>Principal actuarial assumptions</b>		
Discount rate	7.80%	8.30%
Expected return on assets	8.00%	9.00%
Rate of compensation increase	10.00%	10.00%
Attrition Rate	25.00%	25.00%
Retirement expectancy	58 years	58 years

The estimates of rate of escalation in salary considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

**32 Unhedged foreign currency**

The year end foreign currency exposure that has not been hedged by a derivative instrument or otherwise, are given below

Particulars	Foreign currency	As at 31 March 2013		As at 31 March 2012	
		Equivalent		Equivalent	
		FC	INR	FC	INR
Payables	GBP	-	-	6,999	521,740

**33 Micro, small and medium enterprises**

The management identified enterprises which have provided goods and services to the Company which qualify under the definition of medium and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act 2006. Based on the information available with the Company, there are no dues to micro and small enterprises who have registered with the competent authorities.



# SSPDL Interserve Private Limited

## Notes to the financial statements for the year ended 31 March 2013

(All amounts are in Indian Rupees, except share data and unless otherwise stated)

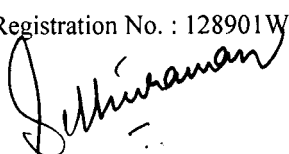
### 34 Comparatives

Previous period comparatives have been reclassified / regrouped wherever necessary to conform to the current year's classification and presentation.

for B S R and Associates

Chartered Accountants

Firm Registration No. : 128901W



**S Sethuraman**

Partner

Membership No. 203491

Place: Chennai

Date: 20th May, 2013

For and on behalf of the Board of directors



**Prakash Challa**

Director

Place: Chennai

Date: 20th May, 2013



**Thomas Scally**

Director

